

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Harry's House, located at 890 N Refugio Road in Santa Ynez, requested and is being recommended for a reservation of \$1,990,623 in annual federal tax credits to finance the new construction of 59 units of housing serving seniors with rents affordable to households earning 30-50% of area median income (AMI). The project will be developed by Housing Authority of the County of Santa Barbara and will be located in Senate District 19 and Assembly District 37.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-028

Project Name Harry's House
Site Address: 890 N Refugio Road
Santa Ynez, CA 93460 County: Santa Barbara
Census Tract: 19.060

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,990,623	\$0
Recommended:	\$1,990,623	\$0

Applicant Information

Applicant: Harry's House, L.P.
Contact: Robert P. Havlicek Jr
Address: 815 West Ocean Avenue
Lompoc, CA 93436
Phone: (805) 736-3421
Email: bobhavlicek@hasbarco.org

General Partner(s) / Principal Owner(s): Surf Development Company
Housing Authority of the County of Santa Barbara
The Rona Barrett Foundation

General Partner Type: Nonprofit

Parent Company(ies): Housing Authority of the County of Santa Barbara
Housing Authority of the County of Santa Barbara
The Rona Barrett Foundation

Developer: Housing Authority of the County of Santa Barbara

Investor/Consultant: RedStone Equity Partners

Management Agent(s): Housing Authority of the County of Santa Barbara

Project Information

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 60

No. & % of Tax Credit Units: 59 100%

Federal Set-Aside Elected: 40%/60%

Federal Subsidy: HUD Section 8 Project-based Vouchers (59 units - 100%) / HOME

Information

Set-Aside: Rural
 Housing Type: Seniors
 Geographic Area: N/A
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting</u>	<u>Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI:	29	45%
At or Below 35% AMI:	20	30%
At or Below 50% AMI (Rural):	10	15%

Unit Mix

60 SRO/Studio Units
 60 Total Units

<u>Unit Type & Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
29 SRO/Studio	30%	\$625
20 SRO/Studio	15%	\$729
10 SRO/Studio	50%	\$1,041
1 SRO/Studio	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$3,355,000
Construction Costs	\$15,166,815
Rehabilitation Costs	\$0
Construction Contingency	\$893,091
Relocation	\$0
Architectural/Engineering	\$850,000
Const. Interest, Perm. Financing	\$1,008,968
Legal Fees	\$120,000
Reserves	\$1,801,926
Other Costs	\$2,120,013
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$27,515,813

Residential

Construction Cost Per Square Foot:	\$329
Per Unit Cost:	\$458,597
Construction Cost Per Square Foot:	\$456,980

Construction Financing

Source	Amount
Pacific Western Bank	\$18,993,392
HACSB HOME Loan	\$900,000
HACSB Public Loan	\$3,355,000
Deferred Developer Fee	\$1,569,099
Tax Credit Equity	\$2,698,322

Permanent Financing

Source	Amount
Pacific Western Bank	\$5,175,000
HACSB HOME Loan	\$900,000
HACSB Public Loan	\$3,355,000
Deferred Developer Fee	\$96,998
Solar Tax Credit Equity	\$75,000
Tax Credit Equity	\$17,913,815
TOTAL	\$27,515,813

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$17,013,872
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$22,118,034
Applicable Rate:	9.00%
Maximum Annual Federal Credit:	\$1,990,623
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	RedStone Equity Partners
Federal Tax Credit Factor:	\$0.89991

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Seniors
Final:	57.120%

Significant Information / Additional Conditions: None.

The proposed rent does not include a utility allowance. The owner will pay for all utilities.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, County of Santa Barbara Community Services, has completed a site review of this project and supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¼ mile of transit station or public bus stop	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within 1 mile of public library	2	2	2
Within ¼ mile of a neighborhood market of at least 5,000 sf	4	4	4
Within ½ mile of medical clinic or hospital	3	3	3
Within 1 mile of a pharmacy	1	1	1
In-unit high speed internet service (Rural set-aside only)	3	3	3
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.